

Meeting Date:

9/16/08

# AGENDA REPORT

City of Santa Clara, California

Agenda Item #

7C-2



**Date:** August 25, 2008  
**To:** City Manager for Council Information  
**From:** Director of Finance  
**Subject:** Distribution of the 2008-2009 Budget Brochure

The attached 2008-2009 budget brochure was compiled by the City Manager's Office and the Finance Department to provide basic financial and budgetary information to the community. The budget brochure will be placed on public counters in all City buildings and will be available in City libraries.

The following information is presented in the 2008-09 budget brochure:

1. An overview of the City's balanced budget.
2. A summary description of the City's efforts to cut costs while maintaining a high level of City services.
3. Rate and fee impacts from the City's utilities.
4. An outline of the sources of City revenue and what services this money buys.
5. A graphical representation of how property tax and sales tax are distributed to government agencies and school districts.
6. A description of the Capital Improvement Project Budget process including a summary of significant areas of capital improvement project funding allocations.

*MARY ANN PARROT*

Mary Ann Parrot  
Director of Finance

APPROVED:

*JENNIFER SPARACINO*

Jennifer Sparacino  
City Manager



# *Your* City Budget 2008-2009

www.santaclaraca.gov

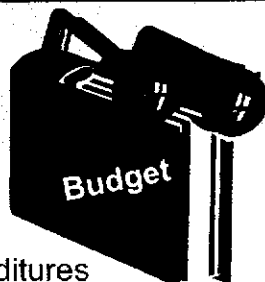
Santa Clara, CA



## Budget Brochure

*What you'll find inside –*

- Details on City Services
- Total City revenues and expenditures
- Distribution of your tax and fee dollars
- Community enhancement projects



The budget is now available online! Please visit [http://www.santaclaraca.gov/finance/fi\\_ann\\_budget.html](http://www.santaclaraca.gov/finance/fi_ann_budget.html). Copies of the adopted budget are also available for citizen review at City libraries and at the City Clerk's Office.

## A Balanced Budget

To ensure an efficient and fiscally sound annual budget, the City Council holds many public study sessions and a hearing to adopt the Annual Operating budget and the Capital Improvement Project budget. For fiscal year 2008-09, the following were approved on June 10, 2008:



- ✓ \$ 556.2 million total City budget
- ✓ \$ 68.2 million for Capital Improvement Projects
- ✓ \$ 364.9 million for the City's Electric, Water, and Sewer utilities

## Budget Highlights

In June, for the third consecutive year, the City Council approved a balanced budget for the General Operating Fund without the use of emergency reserves. The City is projecting a surplus of \$632 thousand in the General Operating Fund for 2008-09. The overall City budget is also balanced at \$556.2 million, including the utilities. This represents an increase of 3.86%, due mostly to increased appropriations for capital projects (\$8.9 million) and increased costs for purchased water and power (\$12.4 million). A combination of measures have been implemented over the past several years to return the City to a structurally-balanced budget. While the ongoing economic slowdown is expected to be short lived, if the recovery is delayed, the City may again be required to use its reserves to achieve a structurally balanced budget.



*City Council deliberates budget issues during one of many study sessions held in May and June, 2008.*

## 2008-2009 Rate and Fee Impacts - Enterprise Funds

*Santa Clara's Rates Are Still the Lowest in the Region!\**

There were no increases in Clean up Campaign, Household Hazardous Waste, or Residential Curbside Recycling charges proposed in the 2008-2009 City budget. Rates that were changed and their impacts include:

	<u>Change</u>	<u>Average Residential \$ Impact</u>
Electric Utility	3.0% effective January 2009	\$1.24/month
Water Utility	9.0%	\$2.85/month
Sewer Utility	10.0%	\$1.16/month
Garbage Collection and Disposal	2.5% Single Family	\$0.30/month
Clean Green Collection and Processing	7.1%	\$0.50/month

**•With these increases, the City of Santa Clara's combined refuse rates are still the lowest in Santa Clara County; our combined water, sewer and electric rates are still the lowest in the nine (9) Bay Area counties.**

# City of Santa Clara 2008-2009 Annual Budget

## Where the City Gets Its Money



### Taxes

Property Tax	\$ 28.6
Sales Tax	40.3
Transient Occupancy Tax	11.8
Other Taxes	4.0

### Intergovernmental

Revenue from Other Agencies	8.1
Vehicle License Fees	0.7

### User Fees

Charges for Current Services - Utilities	312.8
Charges for Current Services - Other	26.3

### Other

Interest Income	18.9
Licenses, Permits, Fines, Penalties	4.7
Contribution In-lieu	15.6
Rents and Leases	3.4
Other Revenue/Debt Proceeds	.5
Enterprise Capital Projects	23.9
Beginning Balance/Reserves/Transfers	56.6

Total Estimated Revenue \$556.2

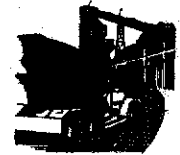
### What Your \$556.2 Million Buys:



\$258.4  
Electric



\$72.8  
Police, Fire, 9-1-1  
(Communications)



\$68.2  
Capital  
Projects



\$40.1  
Water &  
Sewer



\$20.3  
Debt  
Service



\$21.4  
Public  
Works



\$16.7  
Solid  
Waste



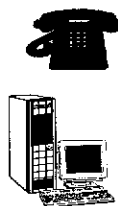
\$12.2  
Parks &  
Recreation



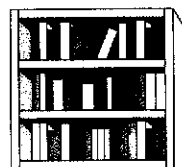
\$9.5  
Finance &  
Human Resources



\$16.0  
City  
Administration



\$7.0  
Internal  
Services



\$6.9  
Library



\$5.3  
Planning &  
Inspection



\$1.4  
Convention/Visitors  
Bureau

# City of Santa Clara 2008-2009 Annual Budget

## How taxes and fees are distributed

### Property Tax

Per \$100 Collected



When you pay your property tax, the City of Santa Clara general fund receives \$10.20 of every \$100 collected. This year the City anticipates receiving \$28.6 million.

West Valley-Mission College \$11.10

City of Santa Clara \$10.20

County Office of Education \$4.00

County of Santa Clara \$18.00

Educational Revenue Augmentation Fund (ERAF) \$15.90

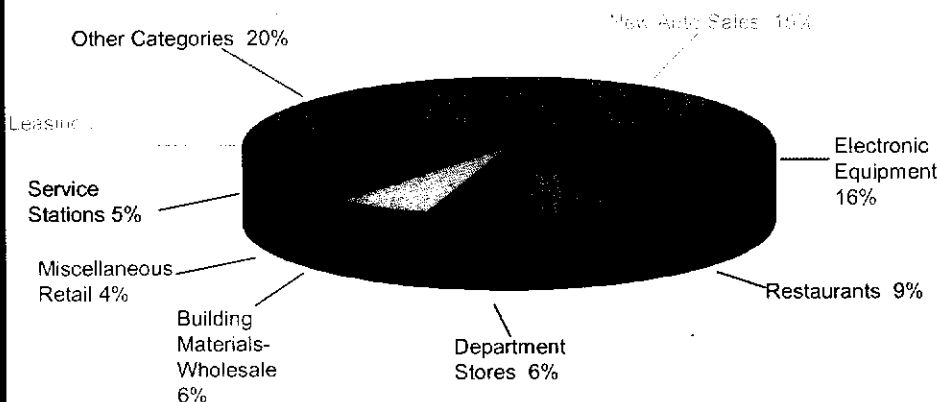
Santa Clara Unified School District \$38.40

### Sales Tax

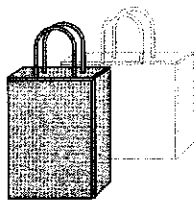


#### Largest Sales Tax Payers

Sales tax revenue in the City of Santa Clara comes from a wide range of sources. Sales of new autos, electronic equipment, restaurants and light industry were the City's leading economic categories last year.



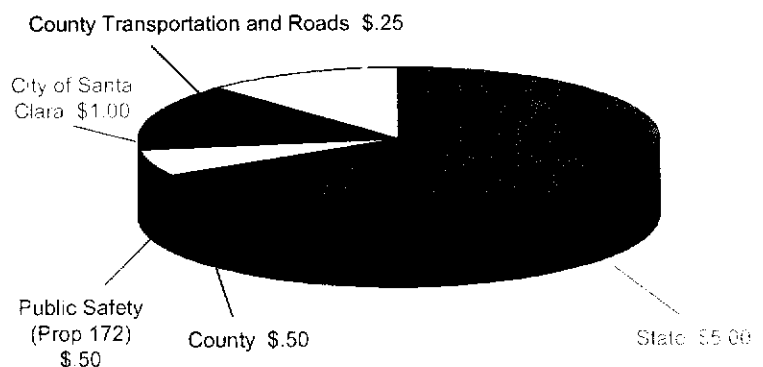
#### Where Your Sales Tax Goes



For every taxable dollar you spend in Santa Clara County, you pay 8.25% sales tax or \$8.25 per every \$100 purchase.

Cities throughout the State receive sales tax based on sales made within their respective city. For every \$100 purchase you make within the City of Santa Clara which is subject to sales tax, the City receives \$1.00. This year the City anticipates receiving \$40.3 million.

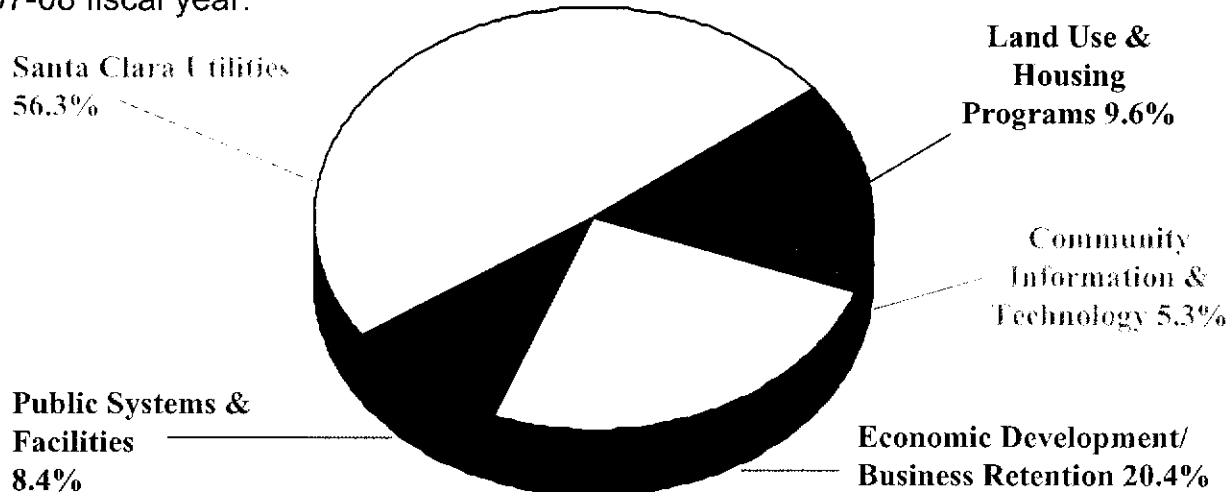
Based on Purchase of \$100  
Sales Tax Paid is \$8.25



\* California sales tax is 7.25%. Santa Clara County has two voter approved overrides of .5% each for transportation projects, making local sales tax 8.25%

## 2008-2009 Capital Improvement Project (CIP) Budget

In the 2008-09 Capital Improvement Project (CIP) budget, projects were prioritized based on need and placed in major theme categories consistent with Council's goals. The pie chart below shows the percentage allocations for the total 2008-09 CIP budget which consists of \$68.2 million for the City and \$25.9 million for the Redevelopment Agency (RDA). The total CIP budget, including City and RDA, is \$94.1 million. This combined CIP appropriation represents an increase of 7.9%, or \$6.9 million, over the combined total CIP appropriation in 2007-08 fiscal year.



### City and RDA Capital Improvement Projects Budget

Each year, funds are set aside in the CIP budget for two broad purposes. The first is to provide renewal, refurbishment, or replacement of existing facilities. The second purpose funds are set aside in the CIP is to provide for the development of new City facilities and related public services when deemed necessary. In view of the current economic conditions for this fiscal year, CIP funding requests were limited to the completion of existing projects or to address serious deferred maintenance needs.

#### Continuing Projects:

- Santa Clara Convention Center Ballroom Expansion
- Sewer System Improvements
- First Time Home Buyers Financing Program
- Mission, Palm and Sierra Substation Rebuilds

#### 2008-09 Additional Projects:

- RDA Affordable Housing
- South of Forest Neighborhood Street Improvements
- General Plan Update
- Santa Clara Green Program
- ICS Swim Center Pools Project Design

